



\$~26

\* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

+ **ITA 95/2023**

COMMISSIONER OF INCOME TAX (INTERNATIONAL  
TAXATION)-2

..... Appellant

Through: Mr Sanjay Kumar, Sr. Standing  
Counsel.

versus

MOL CORPORATION

..... Respondent

Through: Mr Akshay Uppal, Advocate.

**CORAM:**

**HON'BLE MR JUSTICE RAJIV SHAKDHER**

**HON'BLE MS JUSTICE TARA VITASTA GANJU**

**ORDER**

%

**16.02.2023**

[Physical Hearing/Hybrid Hearing (as per request)]

**CM APPL. 7379/2023**

1. Allowed, subject to just exceptions.

**CM APPL. 7378/2023 [Application filed on behalf of the appellant  
seeking condonation of delay of 65 days in filing the appeal]**

2. This is an application filed on behalf of the appellant/revenue seeking  
condonation of delay in filling the appeal.

3. According to the appellant/revenue, there is delay of 65 days.

4. Counsel for the respondent/assessee, says that he has no objection if  
the delay in filing the appeal is condoned.

5. Accordingly, the delay in filling the appeal is condoned.

6. The application is disposed of in the aforesaid terms.

ITA 95/2023

page 1 of 3



**ITA 95/2023**

7. This appeal concerns Assessment Year (AY) 2015-16.
8. This appeal assails the order of the Income Tax Appellate Tribunal [in short, “Tribunal”] dated 07.06.2022 passed in ITA 7855/Del/2019.
9. The following questions of law are proposed by the appellant/revenue:

*“A. Whether on the facts and circumstances of the case and in law, the Ld. ITAT erred in holding that licensing of the software products of Microsoft in the territory of India by MOL Corporation is not taxable in India as Royalty under Section 9(1)(vi) of the Income Tax Act, 1961 read with Article 12 of the Indo-USA DTAA?”*

*B. Whether on the facts and circumstances of the case and in law, the Ld. ITAT erred in holding that licensing of computer is copyrighted article and not copyright and accordingly the sale of software is in nature of business income and not taxable as royalty under Section 9(1)(vi) of Income Tax Act, 1961 and absence of PE in India, it is not taxable under Article 7 of India- USA DTAA?”*

*C. Whether on the facts and circumstances of the case and in law, the Ld. ITAT erred in holding that the subscription received towards Cloud Services is not taxable as Royalty income under the provisions of Income Tax Act, 1961?”*

10. As would be evident the first two questions of law [i.e., A and B] relate to income earned from licensing/sale of software while the third question [i.e., C] relates to subscription received against cloud services offered by the respondent/assessee.
11. The Tribunal has ruled that neither income earned from licensing/sale of software products nor subscription fee earned for providing cloud services could be construed as royalty.
12. Mr Sanjay Kumar, senior standing counsel, who appears on behalf of



the appellant/revenue, says that the proposed questions are covered by the judgment of the Supreme Court rendered in *Engineering Analysis Centre of Excellence (P.) Ltd. v. CIT* 432 ITR 471 (SC).

12.1. We are also informed by Mr Kumar that a review petition has been filed which is pending consideration.

13. Accordingly, the appeal is closed as no substantial question of law arises for our consideration, *albeit*, with the caveat that in case the appellant/revenue were to succeed in the review petition, the parties will abide by the decision rendered therein.

**RAJIV SHAKDHER, J**

**TARA VITASTA GANJU, J**

**FEBRUARY 16, 2023/ tr**

[Click here to check corrigendum, if any](#)